

Internal Revenue Service

Department of the Treasury

District
Director

P. O. BOX 1680 GPO
B'KLYN., NY 11202

Date: SEP 16 1987

Person to Contact:

Contact Telephone Number:

Refer Reply to:

CERTIFIED MAIL

Dear Applicant:

We have considered your application for recognition of exemption under section 501(c)(6) of the Internal Revenue Code.

The evidence presented disclosed that you were incorporated on [REDACTED] in the State of [REDACTED].

The purposes for which the corporation was formed are as follows:

- to assist small and middle size [REDACTED] and American companies to do business on the international market.
- to do market research and consulting projects concerning establishing branches in the U.S. for [REDACTED] based companies and vice versa.
- to obtain foreign markets for [REDACTED] and American companies.
- to negotiate for the benefit of [REDACTED] and American companies all types of business contracts (technical, financial, etc.)
- to give information to all members concerning any business procedures to do business in the U.S. and in [REDACTED].

The information submitted with your application indicates that this organization was formed to promote its members through marketing. Your organization does not promote a common business interest.

Your activities include assisting small and medium size [REDACTED] enterprises with less than 500 employees in their projects to incorporate in the United States by providing marketing services. The same applies to such enterprises in the United States that wish to incorporate in [REDACTED]. As stated by the organization, you will provide your clients with a report on the market, present their products, analyze the reactions to the product and then suggest to them the manner in which they should adapt their products and their company structure in order to further develop their export division. Also, the organization locates appropriate representation for members.

Section 1.501(c)(6)-1 of the Income Tax Regulations defines a business league as an association of persons having some common business interest, the purpose of which is to promote such common interest. Its activities should be directed towards the improvement of business conditions in one or more lines of business as distinguished from the performance of particular services for individual persons.

Since your organization is composed of members who belong to different types of industries, there is no common business interest which you promote. Each member represents a different business.

An IRC 501(c)(6) organization's primary activity cannot be performing particular services for members.

Section 1.501(c)(6)-1 of the Income Tax Regulations defines a business league as follows:

A business league is an association of persons having some common business interest, the purpose of which is to promote such common interest and not to engage in a regular business of a kind ordinarily carried on for profit. It is an organization of the same general class as a chamber of commerce or board of trade. Thus, its activities should be directed to the improvement of business conditions of one or more lines of business as distinguished from the performance of particular services for individual persons. An organization whose purpose is to engage in a regular business of a kind ordinarily carried on for profit, even though the business is conducted on a cooperative basis or produces only sufficient income to be self-sustaining, is not a business league.

Revenue Ruling 59-391, 1959-2 C.B. 151, held that an organization composed of corporations which represent different trades or businesses created for the purpose of exchanging information on business prospects and which has no common business interest other than a desire to increase sales of members did not qualify for exemption from Federal income tax as a business league under section 501(c)(6) of the Code.

Since your organization is composed of members representing different trades and businesses for which you provide marketing research and other services to further the business interests of members rather than the improvement of business conditions, you fail to meet the requirements of section 501(c)(6) of the Code.

The legal name of your organization must appear on all documents exactly as it is stated in your Certificate of Incorporation. The Certificate of Incorporation states your name as: [REDACTED]

[REDACTED]. The By-Laws of the organization states the name as: [REDACTED]

[REDACTED]. Such documents must be in conformity with one another for submission of an application for recognition of exemption.

The documents submitted by your organization failed to meet such requirements.

Accordingly, we conclude that you do not meet the requirements for exempt status under section 501(c)(6) of the code and propose to deny your request for exemption under that section.

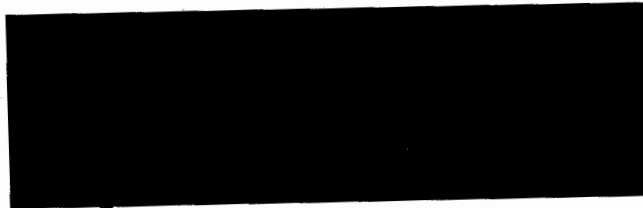
We have also determined that you fail to qualify for exempt status under any other subsection of IRC 501(c).

You are required to file a taxable return Form 1120 or 1041 with the District Director of Internal Revenue Service. Please send the return to the Internal Revenue Service, P.O. Box 1680, General Post Office, Brooklyn, NY 11202.

If you do not agree with this determination, you may request a Conference with the Regional Director of Appeals by protesting in accordance with the enclosed instructions within 30 days.

Protests submitted which do not contain all the documentation stated in the instructions will be returned for completion.

If we do not hear from you within that time, this determination will become final.



Enclosure: Publication 892